

# TRADE SECURITY CONTROLS

MATTHEW S. BROWN

Deputy Director for

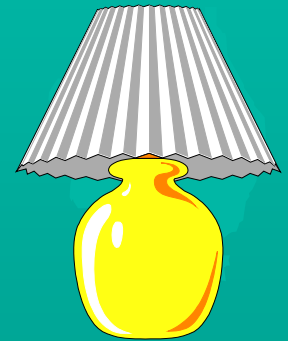
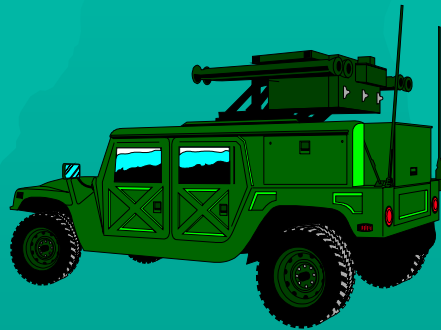
Trade Security Controls

DLA Criminal Investigations Activity

Ft Belvoir, VA

# Buttons to Battleships

- ◆ DRMS offers wide variety of property
- ◆ Some non-critical items
- ◆ Majority is MLI/CCLI & SME
- ◆ CV Property/RCP Property/Special Property



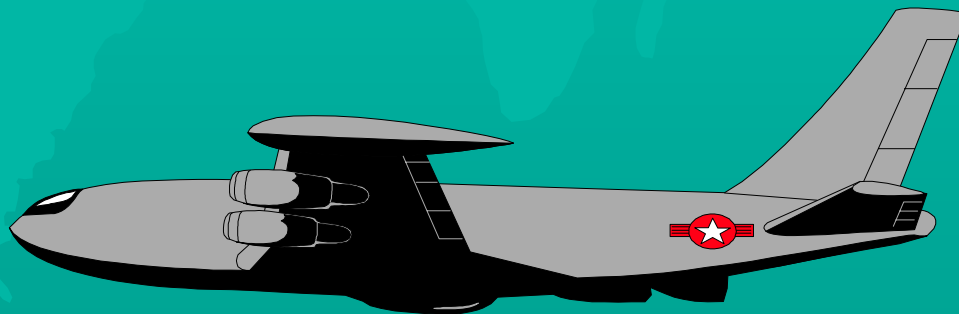
# MUNITION LIST ITEM (MLI)

- ◆ The State Department Office of Defense Trade Controls (ODTC) regulates Defense Articles, Services and Technical Data
- ◆ 22 USC 2778 - Arms Export Control Act (AECA)
- ◆ 22 CFR 120-130 - International Traffic in Arms Regulation (ITAR)



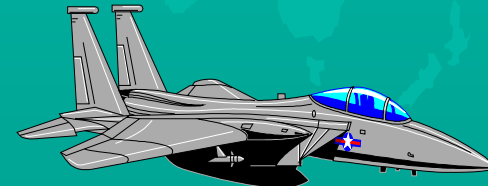
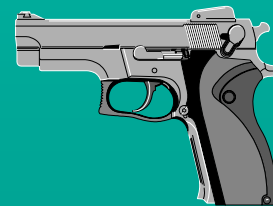
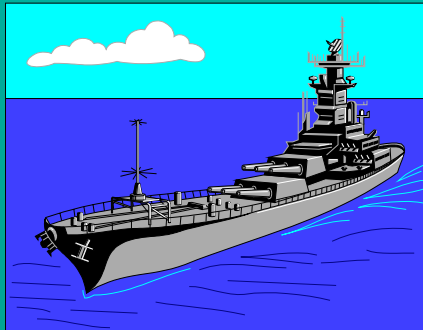
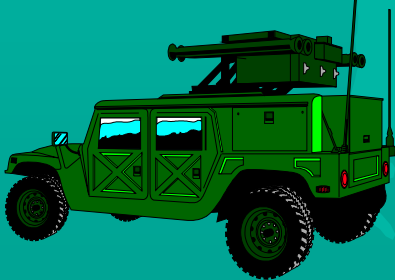
# COMMERCE CONTROL LIST ITEM (CCLI)

- ◆ Commerce Department regulates export of dual use commodities
- ◆ U.S. Export Administration Regulations (EAR)
- ◆ Commodity Control List (CCL)



# SIGNIFICANT MILITARY EQUIPMENT (SME)

- ◆ Items with substantial military utility or capability
- ◆ Arms, Ammunition, Implements of War (22 CFR 121)
- ◆ Worldwide DEMIL required prior to release from Government control



# Trade Security Controls

## Director of DLA Shall:

- ◆ Act as the program manager for policy implementation of the Trade Security Control policy and procedures on transfers of DoD excess and surplus personal property and FEPP disposed of by the Department of Defense.

## Director Shall:

- ◆ Provide control and oversight of the demilitarization program to ensure that all MLIs requiring demilitarization are properly demilitarized prior to transfer, except those otherwise permitted by law, regulation and policy, to preclude their unauthorized reuse and/or possible compromise to national security.

## Director shall:

- ◆ Ensures that MLIs and CCLIs are disposed of in accordance with DoD policy and implementing measure and procedures.
- ◆ In coordination with the Customs Service, DT, DoC, DoS, the intelligence agencies, and DoD components' investigative agencies, implements Trade Security Policy. This includes, but is not limited to:

## Director shall:

- ◆ Verify the stated end use, end user, and destination of MLI or CCLI;
- ◆ Verify the MLI or CCLI is not transferred to or through an individual, entity, or country that is an ineligible transferee;
- ◆ Ensure that end-use and or end-user checks, or integrity and reliability checks, are conducted prior to awards or other transfers of MLIs and CCLIs;

## Director shall:

- ◆ Ensure that initial transferees and end-users are notified in writing of the requirement to obtain a license from DoS, DoC, or other authorized U.S. agency, prior to any transfer of MLIs or CCLIs, unless the appropriate agency has confirmed in writing that an exception to the license approval is available and in place, and that transferees provide notice to any subsequent transferees in the United States;

## **Director shall:**

- ◆ Verify the MLI and CCLI is delivered to the approved destination by employing import certification or delivery verification procedures; and
- ◆ Verify the ultimate disposition of the property by performing post-delivery end-use checks.

## Director shall:

- ◆ Ensure appropriate action, including investigative, administrative, and/or referral for legal action, is taken when violations of either demilitarization or of DoD, DoS, DoC and DT Trade Security Controls are discovered or suspected.

# BASIS FOR DEMIL REQUIREMENTS

- ◆ Demil is the act of destroying the offensive or defensive advantages inherent in certain types of military equipment
- ◆ 4160.21-M-1 - DoD Demilitarization Manual (Under Revision)
- ◆ DOD Directive 2030.8, Trade Security Controls - DoD Excess & Surplus Personal Property

# AUTHORITY

## ◆ 22 USC 2778 :

Pursuant to the Arms Export Control Act (AECA) , The President of the United States is authorized to control, in furtherance of world peace and the security and foreign policy of the US, the export and import of arms, ammunition and implements of war, including tech data, other than by a US Government Agency.

# THE THREAT

- ◆ The technology that destroyed the 4th largest army in the world in 33 days - is in demand
- ◆ The U.S. is the world's largest supplier of military weapons and equipment. Exports strictly controlled by law.
- ◆ Political situation change. Countries once friendly are now enemies.

# THE THREAT

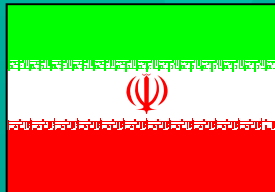
- ◆ Weapons Systems such as aircraft, tanks and vehicles require intensive logistical support in spare parts and upgrades for older systems
- ◆ There is an extensive black market for U.S. military equipment
- ◆ U.S. Customs inspects an average of 1/10th of 1% of 100,000 containers per month at large ports

# THE THREAT

- ◆ Terrorists (Foreign and Domestic)
- ◆ Reverse Technology
- ◆ Precious or strategic metals in DoD scrap
- ◆ We are losing our technological advantage which costs billions in tax dollars to develop. May cost lives in any future conflicts

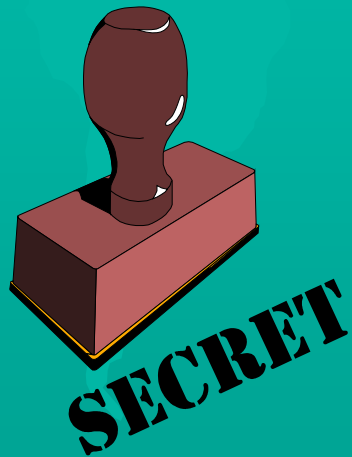
# RESULTS

- ◆ A thriving Black Market in DoD Surplus MLI/SLI Property
- ◆ Lack of effective controls
- ◆ Weapons Technology Compromised



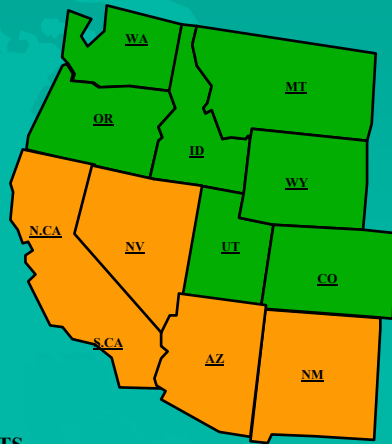
# CASES

- ◆ F-117 equipment - Portland
- ◆ Tank Sales/Boardman, OR
- ◆ All Ports - 22 counts Unlawful Export 47 total counts. Missile, Acft, Radar & Tank Parts

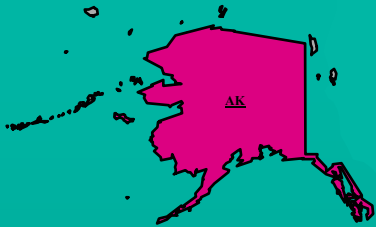


# TSC AREAS OF RESPONSIBILITY

## AREA 2 – ALL OTHER WESTERN STATES



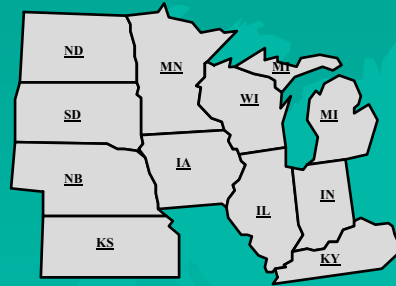
## KATHY ROBERTS AREA 1 – CA ONLY



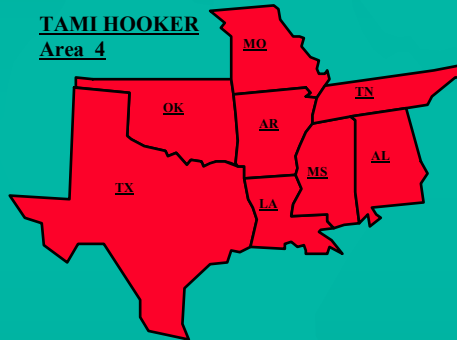
## ED CLARKE AREA 7

ASIA:  
Japan  
Korea  
Guam  
Okinawa  
Thailand

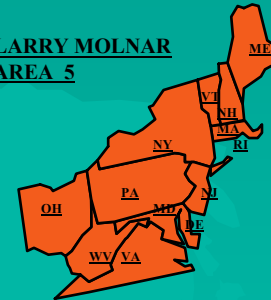
## TOM MULCONRY AREA 3



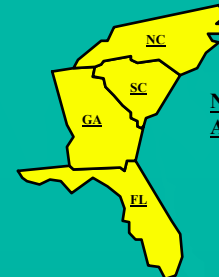
## TAMI HOOKER Area 4



## LARRY MOLNAR AREA 5

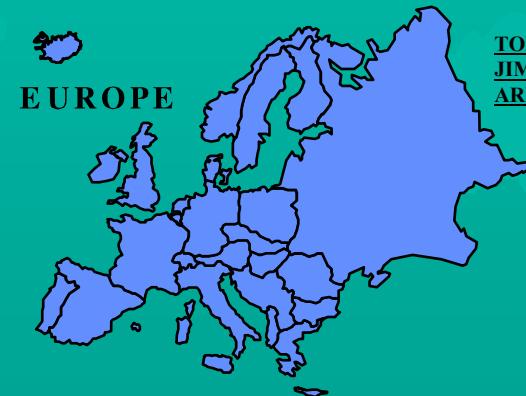


## NICK INANOVIC AREA 6



OFFSHORE:  
Bermuda  
Guantanono  
Roosevelt Roads  
Panama

## TOMMY WASHINGTON JIM FLAHITE AREA 8



# INVESTIGATIVE SUPPORT

- ◆ FEDLOG QUERRIES – PARTS INFO
- ◆ MIDAS – ITEM HISTORY
- ◆ DAISY – SYSTEM STATUS
- ◆ DNSP – CONTRACTOR INFO
- ◆ PROPERTY IDENTIFICATION
- ◆ PAPERWORK TRAIL

# DCIA-T

- ◆ **8725 John J. Kingman Rd**
- ◆ **Suite 3539**
- ◆ **Ft Belvoir, VA 22060**
- ◆ **703-767-5444 Phone**
- ◆ **703-767-5474 Fax**
- ◆ **email: [matthew\\_brown@hq.dla.mil](mailto:matthew_brown@hq.dla.mil)**



# Useful Web Sites

- ◆ [www.almc.army.mil/mmd/demil/home.htm](http://www.almc.army.mil/mmd/demil/home.htm) (TSC web site)
- ◆ [web7.whs.osd.mil/corres.htm](http://web7.whs.osd.mil/corres.htm) (DoD Directives)
- ◆ [www.drms.dla.mil](http://www.drms.dla.mil)
- ◆ [www.pmdtc.org](http://www.pmdtc.org) (ITAR and other Dept of State refs)
- ◆ [www.dtic.mil/dfars](http://www.dtic.mil/dfars) (Def Fed Acquisition Regs)
- ◆ [thomas.loc.gov](http://thomas.loc.gov) (Legislative Information)
- ◆ [cbdnet.access.gpo.gov](http://cbdnet.access.gpo.gov) (Commerce Business Daily)
- ◆ [fedlaw.gsa.gov](http://fedlaw.gsa.gov)
- ◆ [www.gpo.ucop.edu](http://www.gpo.ucop.edu) (Federal Register, the Congressional Record, Congressional Bills, United States Code, Economic Indicators and GAO Reports, etc..)
- ◆ [www.pmdtc.org](http://www.pmdtc.org) (Office of Defense Trade Controls)

# DRMS

- ◆ Do your job
- ◆ Use Common Sense
- ◆ Study Buzz & Critical FSC lists
- ◆ Challenge items on list
- ◆ Downsizing a reality

# What Can You Do To Help?

- ◆ Help change the perception of those you work with concerning Demil requirements
- ◆ Submit a Demil challenge on obviously miscoded items
- ◆ Alert your superiors to problems
- ◆ If you manage property ensure items you manage are correctly coded

# You Can Help

- ◆ **Alert TSC Investigators to suspicious buyers/activity at your sales location**
- ◆ **Use Common Sense**

